

SENATE BILL REPORT

SB 5223

As Reported by Senate Committee On:
Ways & Means, April 26, 2009

Title: An act relating to state general obligation bonds and related accounts.

Brief Description: Concerning state general obligation bonds and related accounts.

Sponsors: Senators Fraser and Brandland; by request of Office of Financial Management.

Brief History:

Committee Activity: Ways & Means: 4/01/09, 4/26/09 [DPS, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5223 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Fairley, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Pridemore, Regala and Rockefeller.

Minority Report: Do not pass.

Signed by Senators Zarelli, Ranking Minority Member; Hewitt, Honeyford, Parlette, Pflug and Schoesler.

Staff: Brian Sims (786-7431)

Background: The State of Washington issues general obligation bonds to finance projects authorized in the capital and transportation budgets. General obligation bonds pledge the full faith and credit and taxing power of the state towards payment of debt service. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and the Senate. Bond authorization legislation generally specifies the account or accounts into which bond sale proceeds are deposited, as well as the source of debt service payments. When debt service payments are due, the State Treasurer withdraws the amounts necessary to make the payments from the State General Fund and deposits them into the bond retirement funds. The State Finance Committee, composed of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for the issuance of all state bonds.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): The State Finance Committee is authorized to issue state general obligation bonds to finance \$2.219 billion in projects in the 2009 Supplemental and 2009-11 Capital Budgets. The State Treasurer is required to withdraw from state general revenues the amounts necessary to make the principal and interest payments on the bonds and to deposit these amounts into the Bond Retirement Account. The sale of \$1.95 billion of general obligation bonds is authorized for the location, design, right-of-way, and construction of projects on the State Route 520 (SR 520) corridor. The bonds may be backed by a combination of the toll revenues collected on the SR 520 corridor, motor vehicle fuel taxes, and the full faith and credit of the state, as determined by the State Finance Committee, which consists of the Governor, Lieutenant Governor, and State Treasurer. The state tolling authority is required to fix and adjust toll rates as necessary to support the repayment of bonds backed in whole or in part by toll revenues. The State Finance Committee is empowered to include provisions and pledges in the bonds issued pursuant to the act regarding such issues as:

- maintenance and operation of toll facilities;
- uses of toll revenues;
- the funding sources backing the bonds;
- the ratio of toll collections to debt service;
- the structure of the bonds; and
- and conditions or limitations for the issuance of further bonds.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Immediately.

Staff Summary of Public Testimony: No public hearing was held.

Persons Testifying: N/A.